

# Exhibit 22

## Public Version

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LUCASFILM LTD.

9 UNITED STATES DISTRICT COURT  
10 NORTHERN DISTRICT OF CALIFORNIA  
11 SAN JOSE DIVISION

12 IN RE: HIGH-TECH EMPLOYEE  
13 ANTITRUST LITIGATION

14 THIS DOCUMENT RELATES TO:  
15 ALL ACTIONS  
16

Case No. 3:11-cv-2509-LHK

**DECLARATION OF MICHELLE  
MAUPIN IN SUPPORT OF  
DEFENDANTS' OPPOSITION TO  
PLAINTIFFS' MOTION FOR CLASS  
CERTIFICATION**

Date: January 17, 2013  
Time: 1:30 p.m.  
Courtroom: 8, 4<sup>th</sup> Floor  
Judge: Hon. Lucy H. Koh

Date Consol. Amended Compl. Filed:  
Sept. 13, 2011

Trial Date: Nov. 12, 2013

1 I, Michelle Maupin, state and declare as follows:

2 1. I am the Senior Manager, Compensation at Lucasfilm Ltd. (hereafter "Lucasfilm"  
3 or "the company"), one of the defendants in the above-captioned action. I make this declaration  
4 in support of Defendants' Opposition to Plaintiffs' Motion for Class Certification. Except where  
5 expressly stated, I have knowledge of the facts set forth herein, and if called to testify as a witness  
6 thereto, could do so competently under oath. Except where expressly stated, the statements in  
7 this declaration relate only to Lucasfilm's salaried, non-union employees in the United States.

8 2. I have been informed that the plaintiffs in this case seek to represent a class of  
9 plaintiffs that includes salaried United States employees at Lucasfilm from January 2005 through  
10 December 2009 (the "Class Period"), as well as an alternative class that includes technical,  
11 creative, and/or research and development employees at Lucasfilm during the Class Period.

12 3. I have worked at Lucasfilm since April 2006. In my position as Lucasfilm's  
13 Senior Manager, Compensation, I have become and am familiar with Lucasfilm's compensation  
14 policies, practices, and procedures. I am an advisor to Lucasfilm's Compensation Committee,  
15 which sets all compensation policies, budgets, and ranges for Lucasfilm,<sup>1</sup> and I administer the  
16 compensation process.

17 **A. Lucasfilm's dispersed corporate structure and diverse workforce**

18 4. Lucasfilm employs a highly dispersed workforce with a diverse set of specialties  
19 and skills, as the company makes a wide variety of products and serves several distinct industries.

20 5. The company is divided into five separate divisions, each of which creates distinct  
21 products and serves a distinct market:

22 i) Lucasfilm ("LFL"), which produces live-action feature films and television  
23 programs;

24 ii) Industrial Light & Magic, which provides photo-realistic visual effects for  
25 live-action films and television programs;

26  
27 <sup>1</sup> Certain compensation policies and budgets are subject to final approval by the President and  
28 Board of Directors Compensation Committee.

- iii) Skywalker Sound, which provides sound engineering and sound effects;
- iv) LucasArts, which develops and publishes video games; and
- v) Lucasfilm Animation, which produces animated television programming.

6. I have been informed that the other defendants in this case, apart from Lucasfilm, are Adobe Systems, Inc., Apple Inc., Google Inc., Intel Corp., Intuit Inc., and Pixar. I am generally familiar with the business of the other defendants. To my knowledge, until recently, none of the other defendants named in this case produces significant products in a market served by any Lucasfilm division. To my knowledge, no other defendant named in this case produces live-action feature films, live action television, live-action visual effects, sound engineering and effects, video games, or animated television programming. I understand that Lucasfilm does not consider any of the other defendants to be its competitors in terms of the products Lucasfilm produces. Although Pixar does produce animated feature films, I understand that Lucasfilm considers animated feature films to be a different class of product from animated television programming, distinct both in terms of content and the skills required to produce that content.<sup>2</sup> I understand that Lucasfilm has historically considered Pixar to be a partner, both by virtue of Lucasfilm's reliance on Pixar's RenderMan digital effects software in its visual effects work and the work of Skywalker Sound, Lucasfilm's sound engineering division, on Pixar's animated features.<sup>3</sup>

<sup>2</sup> I have been informed that Lucasfilm has provided animation for two full-length animated features. Lucasfilm Animation created The Clone Wars, which was released in 2008. The Clone Wars is a full-length animated feature, but is in the two-dimensional television animation style of Lucasfilm Animation's popular television show of the same name, and is not similar in style to the three-dimensional full-length features that Pixar produces. Additionally, Industrial Light and Magic provided the visual effects animation for Rango, an animated feature in a three-dimensional style that was released by Paramount Pictures and Nickelodeon Movies in 2011.

<sup>3</sup> I have been informed that the RenderMan software was developed by what is now Pixar at a time when Pixar was still a Lucasfilm division. When Pixar spun off from Lucasfilm and became an independent company, it took RenderMan with it, and Pixar now owns the software. Pixar sells the RenderMan software and uses it to create visual effects for animated features, while Lucasfilm's Industrial Light and Magic division uses RenderMan to create visual effects for live-action features. Unlike Pixar, Lucasfilm does not make its visual effects technology commercially available. Instead, Lucasfilm uses its visual effects technology to create visual effects for live-action productions.

1           7.       Although Lucasfilm occasionally uses common job titles across divisions, the  
2 nature of the work performed and the skills used for a particular job title at one division may vary  
3 significantly from the work performed and skills used for the same job title at another division.

4           **B.       Lucasfilm's compensation philosophy**

5           8.       Lucasfilm is a privately-owned company and provides no equity compensation to  
6 employees. For most United States salaried employees at Lucasfilm, the elements of cash  
7 compensation are base salary and, potentially though not always, an annual bonus.

8           9.       Lucasfilm has always competed for employees based more on the prestige  
9 associated with our brand, products (most obviously including the successful and world-famous  
10 *Star Wars* and *Indiana Jones* franchises), and work (which has been recognized with numerous  
11 Academy Awards, among other prizes), rather than entirely on salary and compensation. This is  
12 partly a consequence of the fact that Lucasfilm is a private company, rather than publicly held,  
13 and partly because Lucasfilm is smaller in size, and thus has fewer financial resources, than our  
14 competitors. Many of the other production studios, visual effects houses, and video-game  
15 developers and publishers with whom we compete for talent are larger (often significantly) than  
16 Lucasfilm or are affiliated with a larger corporate parent. Because of constraints imposed by  
17 these market factors, we use the approach of hiring entry-level talent where possible. Lucasfilm  
18 understands that those employees who are more interested in higher compensation may at some  
19 point choose to leave Lucasfilm for higher-paying positions elsewhere. Lucasfilm is willing to  
20 accept such turnover, as the company has never had trouble attracting top-notch employees eager  
21 to work at Lucasfilm. As a result of all these factors, Lucasfilm has generally paid its employees  
22 below market rates for total compensation (i.e. base compensation, bonuses, and long-term  
23 incentives such as equity compensation). Lucasfilm's total compensation was below market  
24 before the DOJ investigation that gave rise to this lawsuit, and Lucasfilm has continued to pay  
25 below market rates for total compensation after the DOJ investigation.

26          10.       Lucasfilm determines its compensation levels primarily by analyzing the salaries  
27 paid for comparable positions in the external market. Although Lucasfilm looks to comparable  
28

external positions as a reference when setting compensation, [REDACTED]

Rather, we use external compensation data as a benchmark from which we set salaries, with the understanding that [REDACTED]

11. Because Lucasfilm's different divisions each serve different specific industries, compensation within each Lucasfilm division is determined by analyzing the compensation data particular to the peer companies in that market who are competitors for potential employees. Because each Lucasfilm division competes in different product and labor markets, each division has its own collection of peer companies which are used to help determine compensation for that division. Accordingly, compensation for a particular job title is not necessarily equalized across Lucasfilm divisions; a job title that may be paid at one rate in one industry (*e.g.*, the video-game development and publishing industry served by LucasArts) may be paid at a different (higher or lower) rate than another industry (*e.g.*, the sound-engineering and -effects industry served by Skywalker Sound).

#### 1. Use of survey data by the various Lucasfilm divisions

12. The various Lucasfilm divisions rely primarily on data from market surveys to set their compensation levels. Market survey data is the only formal research that Lucasfilm uses regarding competitors' compensation.

13. Lucasfilm uses specific surveys for specific jobs. The relevance of a particular market survey differs depending on the particular industry (or Lucasfilm division) and position type. A summary of the different surveys upon which the different Lucasfilm divisions rely most significantly is set forth below:

i) Radford survey. Lucasfilm uses Radford survey data for San Francisco Bay Area companies to determine compensation in the local labor market. The Radford survey data is the primary data source for compensation for Lucasfilm's administrative positions—its

executives, finance, and business systems employees, as well as its marketing, human resources, information technology, and facilities positions.

ii) Croner Animation and Visual Effects (“AVE”) survey. Lucasfilm uses nationwide data from the Croner AVE survey to determine compensation in the animation and visual effects industry. The Croner AVE survey is the primary data source for determining compensation for artists, production, and technology positions at Lucasfilm Animation and Industrial Light and Magic.

iii) Croner Software Games (“Games”) survey. Lucasfilm uses nationwide data from the Croner Games survey to determine compensation in the video game industry. The Croner Games survey is the primary data source for determining compensation for artists, production, and technology positions at LucasArts.

14. I have been informed that plaintiff Siddharth Hariharan worked at LucasArts as a software engineer from January 2007 through August 2008. During this time, Lucasfilm used the Croner Games survey as the primary data source for determining compensation for software engineers at LucasArts.

15. I have reviewed the participants in the Croner Games surveys from 2005 to 2011. No other defendant named in this lawsuit participated in the Croner Games survey between 2005 and 2011. During each of these years, Lucasfilm considered the list of Croner Games survey participant companies to be relevant peer companies for compensation purposes.

- i) An excerpt from the 2008 Croner Games survey results is attached as Exhibit A. The pages bearing Bates numbers LUCAS00018799-LUCAS00018800 contain a list of the participants in the 2008 Croner Games survey.

## **2. How Lucasfilm divisions set their salary ranges**

16. Prior to 2006, each division of Lucasfilm separately used market survey data to set a unique pay range for every single position. In other words, each position’s pay range was set independent of the salaries of other positions, even those in the same department, and no position’s salary depended on or was formally tied to the salary set for any other position.

1           17. In 2005, in connection with the integration of Lucasfilm divisions, Lucasfilm  
2 engaged a compensation consultant to review and improve the company's compensation  
3 practices, including streamlining, and making more efficient and less time-consuming,  
4 Lucasfilm's practices for determining compensation for each position.

5           18. As one result of the compensation practices review, during 2006 Lucasfilm  
6 introduced an overarching system of salary grades to be used to guide compensation decisions.  
7 At first, the salary structure was used in tandem with the existing process. The full transition to  
8 the salary structure system occurred during 2006 and 2007. [REDACTED]  
9 [REDACTED]  
10 [REDACTED]  
11 [REDACTED]

12           19. Since 2008, each position at Lucasfilm has been assigned a salary grade. The  
13 salary grade dictates the applicable salary range. During 2006 and 2007, salary grades were used  
14 in tandem with the prior practice of assigning a salary range for each position.

15               i) A true and correct copy of Lucasfilm's 2008 salary structure is attached as  
16 Exhibit B. Lucasfilm had similar salary structures for the years 2006 through 2011.

17           20. The breadth of the salary range for each grade means that actual salaries can vary  
18 significantly for employees of a particular job title within a particular division. [REDACTED]  
19 [REDACTED]  
20 [REDACTED]

21           21. When assessing compensation at each Lucasfilm division's peer companies, that  
22 Lucasfilm division considers those companies' base salary and bonuses. Lucasfilm generally  
23 does not consider any stock, stock options, or other equity compensation provided by peer  
24 companies when setting compensation levels. Lucasfilm has adopted this approach because we  
25 are not in a position to offer equity ourselves. As a result, Lucasfilm has always competed for  
26 workers on the strength of our brand, products, reputation for quality work, and the work  
27 experience we offer rather than entirely on compensation.  
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22. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The relevant market is determined using compensation surveys that are relevant to the specific industry and position, as more fully described in paragraphs 12 to 15 above. Because many of Lucasfilm's peer companies do offer stock, stock options, or other equity as part of their compensation packages, Lucasfilm's decision not to consider the equity offered by peer companies means that Lucasfilm [REDACTED]

[REDACTED]

23. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

<sup>4</sup> [REDACTED]

[REDACTED]

1 [REDACTED]  
 2 [REDACTED]  
 3 24. [REDACTED]  
 4 [REDACTED]  
 5 [REDACTED]  
 6 [REDACTED]  
 7 [REDACTED] As discussed above, the relevant "peer companies" for purposes of the  
 8 compensation comparison are different for each Lucasfilm division. For example, for LucasArts,  
 9 which develops and publishes video games, peer companies would include other video-game  
 10 developers and publishers such as Electronic Arts, Activision, Microsoft, and Nintendo.  
 11

12 **C. How Lucasfilm sets compensation for new hires**

13 25. When Lucasfilm creates a new position, the Compensation Committee will  
 14 determine the appropriate salary grade for the position [REDACTED]  
 15 [REDACTED] based on (a) the relevant external survey data set forth above; and (b) a  
 16 comparison with existing positions; (c) the particular skills needed for the position.  
 17

18 26. If Lucasfilm is recruiting for an existing position, the Compensation Committee  
 19 will use the existing range for the position in determining the salary of the new employee hired to  
 20 fill that position.  
 21

22 27. When setting salary ranges for requisitions, the Compensation Committee first  
 23 tries to match the requisition to a position in the relevant market surveys. If there is no match, the  
 24 Compensation Committee attempts to obtain information regarding the relevant market pay  
 25 through other sources, including from recruiters. Recruiters may receive information about  
 26 market compensation levels from candidates if candidates share their expectations about  
 27 compensation or the market in general. The Compensation Committee also may receive  
 28 information about other employers' pay practices from exit interviews, if departing employees  
 choose to share with Lucasfilm information about the compensation at their new positions.  
 Although the Compensation Committee may be aware of this information, the primary

1 consideration when setting a salary range for a requisition is relation to compensation indicated in  
 2 relevant peer group market surveys.

3 28. The recruiter assigned to an open requisition is provided with the minimum and  
 4 midpoint of the salary ranges for the position. The salary range for the position is not made  
 5 publicly available, and the recruiter does not inform a candidate of the full salary range for a  
 6 position.

7 29. [REDACTED]  
 8 [REDACTED]  
 9 [REDACTED]

10 **D. How and when Lucasfilm adjusts employee compensation**

11 30. Lucasfilm adjusts base salaries annually, through what is known as the pay-for-  
 12 performance process. The overall budget for salary increases for the company as a whole, and for  
 13 each division, is determined by analyzing external market practices and the overall financial  
 14 position of the company. An individual employee's increase is awarded, within the overall  
 15 budget, based on performance reviews. Employees receive annual salary adjustments in April.

16 31. The salary budget is allocated between two different pools: one for merit increases  
 17 and one for call-outs. The call-out budget is used for salary increases related to promotions,  
 18 equity adjustments or exceptional employee performance.

19 32. Lucasfilm occasionally adjusts salaries outside of the April pay-for-performance  
 20 process. These are referred to as out-of-cycle increases and are given for promotions and equity  
 21 adjustments. An equity adjustment is intended to bring an employee's compensation more in line  
 22 with (but not necessarily equal to) internal peers or the targeted percentile of external peer  
 23 compensation. All out-of-cycle increases must come out of the division's call-out budget.

24 33. Each division is given a total salary budget for the year. This budget includes a  
 25 budget for yearly merit increases (the merit budget) and a budget for call-outs (the call-out  
 26 budget). Each division's budget is based on the division's total salaries in effect on the last day of  
 27 the year prior to the year in which the budget will apply. For example, a typical division salary  
 28 budget is 4% of the division's salaries in effect on December 31<sup>st</sup> of the previous year.

1 Lucasfilm's salary budgets are determined prior to April of the year in which the budget will  
2 apply.

3 i) A true and correct copy of Lucasfilm's 2008 Salary Budget  
4 Recommendations is attached as Exhibit C. This document generally describes Lucasfilm's  
5 compensation policy, recommended salary increase budgets, and merit increase guidelines.  
6 Lucasfilm created similar documents and guidelines for the years 2006 through 2011.

7 34. All salary increases must come out of the division's salary budget. Therefore, if  
8 one employee receives a salary increase, less money is left in the division's salary budget to  
9 increase the salaries of all other employees of that division.

10 35. All out-of-cycle increases must come out of the call-out budget. Therefore, if one  
11 employee receives an out-of-cycle increase, less money is left in the call-out budget to provide  
12 out-of-cycle salary increases to other employees.

13 36. All individual pay actions for existing employees, other than pay-for-performance  
14 merit increases, must be approved by Lucasfilm's Compensation Committee.

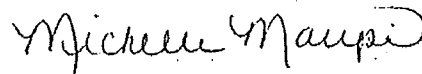
15 37. Lucasfilm does not have a company-wide policy regarding making competing  
16 offers to current employees who choose to inform the company that he or she has received  
17 another job offer. Instead, all decisions regarding whether to make competing offers, and if so  
18 how much to offer, are made individually based on the specifics of the particular case at hand. If  
19 the employee's supervisor is informed of the offer, that supervisor makes a decision whether or  
20 not to seek additional compensation for such employee. Lucasfilm has between 150 and 200  
21 employees who would make such decisions. The supervisor's decision must then be approved by  
22 the employee's division head, who must consider the division's overall salary budget and call-out  
23 budget. There are five U.S. division heads. Any compensation increase must fit within the  
24 division's existing salary budget, and any compensation increase would reduce the remaining  
25 available salary budget for the division.

26 38. If the division head approves an increase to an existing employee in response to a  
27 competing offer, that increase would be proposed to the Compensation Committee for  
28

1 consideration. When determining whether to approve such an increase, the Compensation  
 2 Committee considers such factors as (a) the amount of the increase and the applicable salary  
 3 range; (b) the need for compensation to be fair and for similar employees to be compensated  
 4 similarly; and (c) the manager and division head's reasons supporting the proposed increase,  
 5 including how critical and/or difficult to replace the employee in question would be.

6 39. As a practical matter, Lucasfilm rarely makes matching or competing offers to  
 7 employees who have received outside employment offers. I have reviewed the records of the  
 8 results of Compensation Committee meetings and requests from May 3, 2006 (the earliest date  
 9 such information is available) and January 26, 2012. I am informed that these records were  
 10 produced to plaintiffs and bear Bates numbers LUCAS00190520—LUCAS00190669. Of the  
 11 approximately 1,110 actions and requests that required Compensation Committee approval during  
 12 this period, approximately six concerned requested approvals of counter-offers. Of these six, one  
 13 was for an hourly employee, and one concerned a counter-offer for a potential employee that  
 14 Lucasfilm was recruiting. Of the four requests to approve a counter-offer for existing employees,  
 15 three were approved and one was not. Of the six total counter-offer approvals that were  
 16 requested, three took place after January 1, 2010.

17 I declare under penalty of perjury under the laws of the State of California that the  
 18 foregoing is true and correct and that this declaration was signed on November 12, 2012 at San  
 19 Francisco, California.  
 20

21 

22 MICHELLE MAUPIN  
 23  
 24  
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# EXHIBIT A

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## RESULTS

# 2008 CRONER SOFTWARE GAMES SURVEY



Conducted by



THE  
**CRONER**  
COMPANY  
Management Consultants

## 2008 CRONER SOFTWARE GAMES SURVEY



## RESULTS

# 2008

## CRONER SOFTWARE GAMES SURVEY

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**II. PARTICIPANT PROFILE**

## II. PARTICIPANT PROFILE

This section provides a summary profile of the 38 survey participants based in the United States.

Incumbents employed at studios marked with an asterisk "\*" are reported in the "Parent Owned Studio" cut of data in VII. United States Total Direct Compensation by Position.

### PARTICIPANTS

Participant / Reporting for	Ownership / Bus Model	Contact / Location	Contact's Phone / Email
1. Activision Blizzard, Inc. reporting for: Activision Blizzard, Infinity Ward*, Luxoflux*, Neversoft*, Raven*, Shaba*, Toys for Bob*, Treyarch*, Underground Development*, Vicarious Visions*	Independent Publisher	Jesse Meschuk Santa Monica, CA	(310) 255-2077 jesse.meschuk@activision.com
2. Bungle, LLC	Independent Developer	Shauna Sperry Kirkland, WA	(425) 576-7323 shauna@bungle.com
3. Capcom USA, Inc.	Parent Owned Publisher	Maria Vidal San Mateo, CA	(650) 350-6500 marlav@capcom.com
4. CCP North America*	Parent Owned Developer	David Bockman Stone Mountain, GA	(404) 292-1819 dbockman@ccpgames.com
5. D3Publisher of America, Inc.	Parent Owned Publisher	Taka Endo Los Angeles, CA	(310) 231-8880 t.endo@d3p.us
6. Day I Studios, LLC	Independent Developer	Laura Crowley Chicago, IL	(312) 258-0500 lcrowley@day1studios.com
7. Digital Consulting Services reporting for: America's Army Public Applications	Independent Developer	Jeff Howell Newbury Park, CA	(805) 498-9344 jhowell@webdcs.com
8. Disney Interactive Media Group* reporting for: Disney Online Studio*, mDisney*, Virtual Reality Studio*	Parent Owned Developer	Beth Raquel Burbank, CA	(818) 623-3806 beth.raquel@disney.com
9. Disney Interactive Studios reporting for: Disney Interactive Studios, Avalanche Software*, Fall Line Studio*, Junction Point Studios*	Parent Owned Publisher	Amy Kilgore Burbank, CA	(818) 544-0366 amy.kilgore@disney.com
10. Eldos Interactive Inc. reporting for: Eldos, Crystal Dynamics*	Parent Owned Publisher	Lisa Dennis Redwood City, CA	(650) 421-7621 ldennis@eldos.com
11. Electronic Arts Inc. reporting for: Electronic Arts, Bioware, Blueprint, EA Mobile, EA Redwood Shores, EA Salt Lake City, EA Tiburon Studio, EALA, Maxis, Mythic, Pandemic, Pogo	Independent Publisher	Christine Maxwell Redwood City, CA	(650) 628-3162 cmawell@ea.com
12. Foundation 9 Entertainment reporting for: Foundation 9 Entertainment, Amaze Entertainment, Backbone Entertainment, Double Helix, Fizz Factor, Griptonic, Imagine Engine, Pipeworks	Independent Developer	Essie Green Irvine, CA	(949) 698-1523 essleg@backb.com
13. Glu Mobile Inc.	Independent Publisher	Gina Schneider San Mateo, CA	(650) 532-2427 gina.schneider@glu.com
14. Insomniac Games, Inc.	Independent Developer	Carrie Dieterle Burbank, CA	(818) 729-2401 carrie@insomniacgames.com
15. Kingsisle Entertainment, Inc.	Independent Developer	Darren Dixon Plano, TX	(972) 265-1970 ddixon@kingsisle.com
16. Konami Digital Entertainment	Parent Owned Publisher	Suzanne Cante El Segundo, CA	(310) 220-8143 cs.45067@konami.com
17. LeapFrog Enterprises, Inc.	Independent Publisher	Cathy Peloquin Emeryville, CA	(510) 596-5405 cpeloquin@leapfrog.com
18. Lucasfilm, Ltd. reporting for: LucasArts*	Parent Owned Developer	Michelle Maupin San Francisco, CA	(415) 746-5254 michelle.maupin@lucasfilm.com

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CRONER SW GAMES 2008 - SECTION II - I

THE  
**CRONER**  
COMPANY

Participant / Reporting for	Ownership / Bus Model	Contact / Location	Contact's Phone / Email
19. Microsoft Corporation reporting for: Microsoft Corporation Entertainment and Devices Division, ACES, Ensemble, Rave, Turn 10	Parent Owned Publisher	Nile Nelson Redmond, WA	(425) 707-0573 nile.nelson@microsoft.com
20. Midway Games Inc. reporting for: Midway Amusement Games, Midway Home Entertainment, Midway Studios - Austin, Midway Studios - Los Angeles*, Surreal Software*	Parent Owned Publisher	Sarah Beck Chicago, IL	(773) 961-2145 sbeck@midway.com
21. Monolith Productions, Inc. reporting for: WB Games Inc., Monolith Productions*	Parent Owned Publisher	Pattl Pudinski Kirkland, WA	(425) 739-1512 pattl@lth.com
22. MTV Networks reporting for: MTV Networks, Adding Games*, Game Trailers*, Harmonix Music Systems*, MTV Games*, NeoPets*, Nick Games*, Shockwave*	Parent Owned Publisher	Joanne Witmyer New York, NY	(212) 846-5730 joanne.witmyer@mtvstaff.com
23. NAMCO BANDAI Games America Inc.	Parent Owned Publisher	Anh Nguyen Santa Clara, CA	(408) 235-2035 anguyen@namcobandalgames.com
24. NCsoft North America reporting for: NCsoft, Carbine*, NCsoft Mountain View*	Parent Owned Publisher	Wendy Jones Austin, TX	(512) 682-4302 wjones@ncsoft.com
25. Nexon America	Parent Owned Publisher	Terrice Kim Los Angeles, CA	(213) 858-5941 tkim@nexon.net
26. Nintendo of America Inc. reporting for: Nintendo of America, Nintendo Software Technology Corp.*	Parent Owned Publisher	Sandra Titus Redmond, WA	(425) 861-2157 sandra.titus@noa.nintendo.com
27. PopCap Games, Inc.	Independent Publisher	Stephanie Jessel Seattle, WA	(206) 256-2404 sjessel@popcap.com
28. Red 5 Studios Inc.	Independent Developer	Kara Henander Irvine, CA	(949) 754-0919 khenander@red5studios.com
29. Retro Studios, Inc.*	Parent Owned Developer	Kellie Johnson Austin, TX	(512) 493-4780 kjohnson@retrostudios.com
30. Sony Computer Entertainment America, Inc. reporting for: Sony Computer Entertainment America, Incognito*	Parent Owned Publisher	Melissa Shefer Foster City, CA	(650) 655-5580 melissa_shefer@playstation.sony.com
31. Sony Online Entertainment LLC reporting for: Sony Online Entertainment, Austin Studio*, Denver Studio*, Seattle Studio*	Parent Owned Publisher	Louis Corrado San Diego, CA	(858) 577-3146 lcorrado@soe.sony.com
32. Take-Two Interactive Software, Inc. reporting for: Take-Two Interactive Software, 2K Games, 2K Boston*, 2K Los Angeles*, 2K Marin*, 2K Play New York, 2K West*, Cat Daddy*, Flaxis Games*, Jack of All Games, Rockstar Games, Rockstar New England*, Rock Star San Diego*, Visual Concepts*	Independent Publisher	Tiffany Serra New York, NY	(646) 536-2874 tiffany.serra@take2games.com
33. Terminal Reality, Inc.	Independent Developer	Diana Handler Lewisville, TX	(972) 315-8089 dianah@terminalreality.com
34. THQ Inc. reporting for: THQ, Big Huge Games*, Heavy Iron*, Helix*, Incinerator*, Kaos*, Locomotive Games*, Mass Media*, Paradigm*, Rainbow*, Sandblast Games*, ValuSoft, Vigil*, Voltion*	Independent Publisher	Julia Hann Agoura Hills, CA	(818) 871-8694 julia.hann@thq.com
35. Turbine, Inc.	Independent Publisher	Kerry Mulhern-Beauchamp Westwood, MA	(781) 407-4460 kmulhern@turbine.com
36. Ubisoft, Inc. reporting for: Ubisoft, Red Storm Entertainment*	Parent Owned Publisher	Jan Coulman San Francisco, CA	(415) 571-2133 jan.coulman@ubisoft.com
37. Warner Bros. Interactive Entertainment	Parent Owned Publisher	John Simmons Burbank, CA	(818) 977-8752 john.simmons@warnerbros.com
38. Zipper Interactive*	Parent Owned Developer	Rochelle Kruger Redmond, WA	(425) 861-6561 rkruger@zipperint.com

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CRONER SW GAMES 2008 - SECTION II - 2

## OWNERSHIP

### *Independent / Parent Owned / Publisher / Developer*

Participants' ownership and business model characteristics are classified into four major categories: 1.) independent software publishers; 2.) independent third-party software developers; 3.) parent owned software publishers; and 4.) parent owned software developers. The table below reports the definition and prevalence of each ownership and business model category.

**Participant Ownership and Business Model Categories**

Ownership / Business Model Category	Definitions	Prevalence	
		n	%
Independent publisher	Publicly-traded or privately-held Independent software companies that publish and/or develop software titles.  Includes Independent companies that create and host massively multiplayer online games.	8	21%
Independent developer	Privately-held Independent software companies whose business is the creation and development of software titles under contractual agreements with software publishers.  Includes Independent companies with massively multiplayer online games under development.	8	21%
Parent owned publisher	Software publishers that are subsidiaries or divisions of publicly-traded or privately-held parent companies.  Includes parent owned companies that create and host massively multiplayer online games.	17	45%
Parent owned developer	Software developers that are subsidiaries or divisions of publicly-traded or privately-held parent companies.  Includes parent owned companies with massively multiplayer online games under development.	5	13%

Independent companies use their own stock in their compensation plans. Parent owned companies use the stock of the parent company in their compensation plans.

**Public / Private and Location**

Thirteen participants (34%) have stock that is publicly-traded on U.S. markets or are part of a publicly-traded U.S. parent company. Twenty-five participants (66%) are either privately-held or owned by a parent company based outside of the U.S. whose stock is publicly-traded on a non-U.S. stock market. The table below summarizes participants' public or private ownership and headquarter location (of parent company, where applicable).

**Public / Private and Location**

Ownership / Business Model Category	In United States				Outside of United States			
	Publicly-traded		Privately-held		Publicly-traded		Privately-held	
	n	%	n	%	n	%	n	%
All participants	13	34%	11	29%	12	32%	2	5%
Independent publisher	6	75%	2	25%	0	0%	0	0%
Independent developer	0	0%	8	100%	0	0%	0	0%
Parent owned publisher <sup>1</sup>	6	35%	0	0%	10	59%	1	6%
Parent owned developer <sup>1</sup>	1	20%	1	20%	2	40%	1	20%

**TYPES OF SOFTWARE**

The majority of participants publish or develop entertainment software only. The table below reports the types of software published or developed by participants.

**Types of Software Published / Developed**

Types of Software	Prevalence	
	n	%
Games / entertainment software	27	71%
Educational / "edutainment" software	1	3%
Games / entertainment + educational / "edutainment"	8	21%
Games / entertainment + educational / "edutainment" + business	1	3%
Games / entertainment + social networking	1	3%

<sup>1</sup> Reports parent company location and nature of parent company stock.

## PLATFORMS

Participants primarily publish or develop software for console platforms, handhelds, PC and the Internet. The table below reports the prevalence of platforms for which participants publish or develop products.

**Platforms For Which Software is Published / Developed**

Platforms	Definitions	Prevalence	
		n	%
Console	Television set top consoles made by companies such as Nintendo, Sony and Microsoft.	28	74%
Handheld	Handheld gaming devices made by companies such as Nintendo and Sony.	22	58%
Personal Computer	Personal computers such as Macintosh or those with operating systems such as Microsoft Windows.	21	55%
Mobile	Cellular telephones and other related devices that include a telephone service.	13	34%
Online / Internet / MMOG	Internet or online infrastructures that enable simultaneous play by multiple players.	20	53%
Arcade Amusement	Coin operated entertainment machines typically installed in businesses such as restaurants, pubs and video arcades.	1	3%
Games for Educational Market	Interactive toys that require software for functionality such as LeapFrog toys.	1	3%

<sup>2</sup> Column totals to more than 100% because most participants publish / develop for more than one type of platform.

## GEOGRAPHIC DISTRIBUTION

The majority of participants have offices in the West. The table below summarizes the geographic distribution of employees matched to the survey and the 50<sup>th</sup> percentile and mean number of matched employees in each region. Listed below the table are the states and cities in which matched employees are located.

**Participant Geographic Distribution**

Region	Participants with Incumbents Matched		Number of Incumbents Matched	
	n	% of Participants	50 <sup>th</sup>	Mean
East	14	37%	42	91
South	10	26%	10	87
Midwest	15	39%	19	63
Mountain	5	13%	15	67
Southwest	18	47%	37	63
West	33	87%	130	343

**EAST:** Connecticut: New Haven, Wallingford. District of Columbia: Washington, D.C. Massachusetts: Andover, Ashburnham, Boston, Burlington, Cambridge, Framingham, Holbrook, Stoneham, Waltham, Westwood. Maryland: Baltimore, Elkton, Ellicott City, Frederick, Hunt Valley, Kensington, Manchester, Sparks, Temple Hills, Timonium. Maine: Winterport. New Hampshire: Hudson, Portsmouth. New Jersey: Edison, Marlton, Newark, Somerset. New York: Albany, Buffalo, Clarence Center, Coram, Freeport, Hoboken, Levittown, Lynbrook, New York, Walkkill. Pennsylvania: Audubon, Bangor, Coraopolis, Erie, Harrisburg, Hatboro, Latrobe, Nescopeck, Pittsburgh, Scranton, Springfield, Strausburg. Rhode Island: Warwick. Virginia: Charlottesville, Fairfax, Virginia Beach, Winchester. Vermont: Williston.

**SOUTH:** Alabama: Birmingham, Huntsville, Madison, Mobile. Arkansas: Benton, Bentonville, Fayetteville, Fort Smith. Florida: Cape Coral, Coral Springs, Fort Lauderdale, Jacksonville, Miami, Orlando, Port Saint Lucie, Tallahassee, Tampa, Wesley Chapel. Georgia: Alpharetta, Atlanta, Lawrenceville, Peachtree City, Ringgold, Roswell, Savannah. Kentucky: Georgetown, Louisville. Louisiana: Baton Rouge. Mississippi: Southaven. North Carolina: Cameron, Cary, Charlotte, Durham, Huntersville, Morrisville, Pfafftown, Raleigh, Winston Salem. South Carolina: Columbia, Duncan, Mount Pleasant. Tennessee: Johnson City, Knoxville, Murfreesboro, Nashville, Powell. West Virginia: Vienna.

**MIDWEST:** Iowa: Altoona, Cedar Rapids, Illinois: Bloomington, Champaign, Chicago, Downers Grove, Elmhurst, Franklin, Lindenhurst, Troy. Indiana: Indianapolis, Muncie, North Liberty. Kansas: Gardner, Kansas City, Lawrence. Michigan: Byron Center, Detroit, Grand Rapids, Lansing, Livonia, Saginaw, Shelby Township. Minnesota: Bloomington, Brooklyn Center, Carver, Chaska, Cottage Grove, Eagan, Eden Prairie, Lakeville, Maple Grove, Minneapolis, Plymouth, Prior Lake, Saint Paul. Missouri: Belton, Fenton, Kansas City, Raymore, Springfield, Saint Louis. Nebraska: Omaha. Ohio: Canal Winchester, Cincinnati, Cleveland, Columbus, Liberty Township, Powell, Strongsville, Toledo, Troy, Wadsworth, West Chester. Wisconsin: Appleton, Greendale, Kenosha, Madison, Middleton.

**MOUNTAIN:** Colorado: Aurora, Boulder, Denver, Foxfield, Golden. Utah: Riverton, Salt Lake City.

**SOUTHWEST:** Arizona: Gilbert, Glendale, Phoenix, Tempe. New Mexico: Albuquerque. Oklahoma: Broken Arrow, Oklahoma City. Texas: Austin, Carrollton, Cedar Park, Converse, Corpus Christi, Corsicana, Dallas, Driftwood, El Paso, Fort Worth, Garland, Grapevine, Holly Lake Ranch, Houston, Irving, Joshua, Leander, Lewisville, McKinney, Mesquite, Plano, Round Rock, Watauga.

**WEST:** California: Agoura, Allso Viejo, Burbank, Canyon Country, Carlsbad, Chino, Citrus Heights, Covina, El Segundo, Emeryville, Encino, Escondido, Foster City, Glendale, Hermosa Beach, Huntington Beach, Irvine, Lafayette, Laguna Niguel, Long Beach, Los Angeles, Marina Del Ray, Montebello, Moorpark, Mountain View, Murrieta, North Hollywood, Northridge, Novato, Orange, Playa Del Rey, Porterville, Redwood City, Sacramento, San Carlos, San Clemente, San Diego, San Francisco, San Jose, San Mateo, Santa Clara, Santa Monica, South El Monte, Stockton, Temecula, Watsonville, Woodland Hills. Nevada: Las Vegas. Oregon: Bend, Eugene, Portland, Sandy. Washington: Bellevue, Bothell, Kirkland, North Bend, Redmond, Seattle, Tacoma.

<sup>3</sup> Column totals to more than 100% because some participants have employees in more than one location.